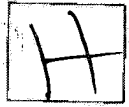


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL - MAKE CHANGES AS NECESSARY

RECEIVED



APR 18 2008

W-02128A
Hillcrest Water Company
915 E. Bethany Home Rd.
Phoenix, AZ 85014

AZ CORP COMMISSION
Director of Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
----	----	------

FOR COMMISSION USE

ANN 04	07
--------	----

PROCESSED BY

4-21-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) HILLCREST WATER COMPANY

Mailing Address 915 E. BETHANY HOME ROAD

(Street)

PHOENIX

(City)

AZ

(State)

85014

(Zip)

602 265-5914

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 915 E. BETHANY HOME ROAD

(Street)

PHOENIX

(City)

AZ

(State)

85014

(Zip)

602 265-5914

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: BARBARA DUNLAP

PRESIDENT

(Name)

(Title)

915 E. BETHANY HOME ROAD

(Street)

PHOENIX

(City)

AZ

(State)

85014

(Zip)

602 265-5914

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

On Site Manager: JACKIE JOHNSON

(Name)

809 CRYSTAL VIEW DRIVE

(Street)

PARKER

(City)

AZ

(State)

85344

(Zip)

928 667-7271

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: BARBARA DUNLAP

(Name)

915 E. BETHANY HOME ROAD

(Street)

PHOENIX

(City)

AZ

(State)

85014

(Zip)

602 265-5914

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Attorney:

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☒ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME HILLCREST WATER COMPANY

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	7,353		
307	Wells and Springs			
311	Pumping Equipment	7,655	7,655	
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	58,102	58,102	
331	Transmission and Distribution Mains	14,455	14,455	
333	Services	6,800	6,800	
334	Meters and Meter Installations	8,598	8,598	
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1,440	1,440	
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	104,403		

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME HILLCREST WATER COMPANY

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	7,353	10	434
307	Wells and Springs			
311	Pumping Equipment	7,655	1.5	
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	56,102	4.0	2529
331	Transmission and Distribution Mains			
333	Services			
334	Meters and Meter Installations			
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS			2,963

This amount goes on the Comparative Statement of Income and Expense _____
Acct No. 403.

COMPANY NAME

HILLCREST WATER COMPANY

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 37,297	\$ 44,327
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
173	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 37,297	\$ 44,327
	FIXED ASSETS		
101	Utility Plant in Service	\$ 94,429	\$ 94,429
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	57,030	59,992
121	Non-Utility Property	6,974	6,974
122	Accumulated Depreciation – Non Utility	6,974	6,974
	TOTAL FIXED ASSETS	\$ 38,400	\$ 33,437
	TOTAL ASSETS	\$ 75,697	\$ 79,764

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	1,230	1,230
236	Accrued Taxes	2,540	2,540
237	Accrued Interest	39,771	39,771
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 43,541	\$ 43,541
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 83,932	\$ 83,932
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 127,473	\$ 127,473
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 28,000	\$ 28,000
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(79,777)	(79,763)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ (51,777)	\$ (47,709)
	TOTAL LIABILITIES AND CAPITAL	\$ 75,696	\$ 79,764

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 53,598	\$ 55,044
460	Unmetered Water Revenue		
474	Other Water Revenues		
	TOTAL REVENUES	\$ 53,598	\$ 55,044
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water	2,706	
615	Purchased Power		
618	Chemicals		
620	Repairs and Maintenance	399	4,866
621	Office Supplies and Expense	12,900	2,953
630	Outside Services	24,088	19,199
635	Water Testing		470
641	Rents		
650	Transportation Expenses		
657	Insurance - General Liability	687	687
659	Insurance - Health and Life		2,845
666	Regulatory Commission Expense - Rate Case		
675	Miscellaneous Expense	1,254	2,892
403	Depreciation Expense	2,964	2,964
408	Taxes Other Than Income	3,187	3,414
408.11	Property Taxes	2,089	5,387
409	Income Tax	697	2,149
	TOTAL OPERATING EXPENSES	\$ 50,964	\$ 50,976
	OPERATING INCOME/(LOSS)	\$ 2,634	\$ 4,068
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ 2,634	\$ 4,068

COMPANY NAME HILLCREST WATER COMPANY

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	1993	1998	1999	
Source of Loan				
ACC Decision No.				
Reason for Loan	OPERATIONS	OPERATIONS	OPERATIONS	
Dollar Amount Issued	\$ 5,591	\$ 47,304	\$ 30,000	\$
Amount Outstanding	\$ 5,591	\$ 47,304	\$ 30,000	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 1,230

Meter Deposits Refunded During the Test Year

\$

COMPANY NAME	HILLCREST WATER COMPANY
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-501879	3	300	160	6	3	1982
55-554097	3	150	170	6	3	1996

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
43,301	1	85	1
50,000	1		

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	HILLCREST WATER COMPANY
Name of System:	ADEQ Public Water System Number:

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4	PVC	7,000
5		
6	PVC	2,845
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X 3/4	
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: HILLCREST WATER COMPANY
Name of System: _____ ADEQ Public Water System Number: _____

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	191	410,490	196,600	
FEBRUARY	193	357,670	166,900	
MARCH	193	465,250	806,200	
APRIL	193	510,610	683,800	
MAY	196	541,860	626,400	
JUNE	194	667,180	821,700	
JULY	193	709,900	996,100	
AUGUST	194	508,780	770,100	
SEPTEMBER	193	640,680	889,100	
OCTOBER	193	423,220	829,400	
NOVEMBER	195	360,890	533,100	
DECEMBER	195	410,795	661,400	
TOTALS →		6,008,325	7,981,000	

What is the level of arsenic for each well on your system? .0001 mg/l

(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

☐ Yes ☒ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME HILLCREST WATER COMPANY

YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 5,388

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

APR 18 2008

CORP COMM
Director Utilities

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) MARICOPA	
NAME (OWNER OR OFFICIAL) TITLE BARBARA DUNLAP	PRESIDENT
COMPANY NAME HILLCREST WATER COMPANY	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

Barbara Dunlap

SIGNATURE OF OWNER OR OFFICIAL

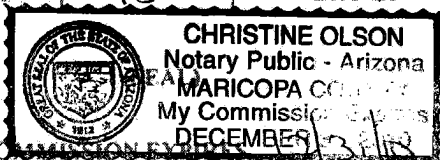
602 265-5914

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 15TH DAY OF



MY COMMISSION EXPIRES

COUNTY NAME MARICOPA	
MONTH APRIL	DAY 20 08

Christine Olson

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME HILLCREST WATER COMPANY

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 6,216
Estimated or Actual Federal Tax Liability _____

State Taxable Income Reported _____
Estimated or Actual State Tax Liability _____

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4-15-08
DATE

BARBARA DUNLAP

PRINTED NAME

PRESIDENT

TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

APR 18 2008

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
MARICOPA
NAME (OWNER OR OFFICIAL) TITLE
BARBARA DUNLAP
COMPANY NAME
HILLCREST WATER COMPANY

4 CORE COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 58,457

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 3,414

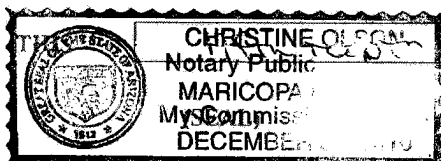
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Barbara Dunlap
SIGNATURE OF OWNER OR OFFICIAL
602 265-5914
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



DAY OF

COUNTY NAME		
MARICOPA		
MONTH	APRIL	20 08

Christine Olson
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 12/31/10

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

APR 14 2008

CORP COMM.
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
NAME (OWNER OR OFFICIAL)	TITLE
COMPANY NAME	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 58,457

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3,414
IN SALES TAXES BILLED, OR COLLECTED)

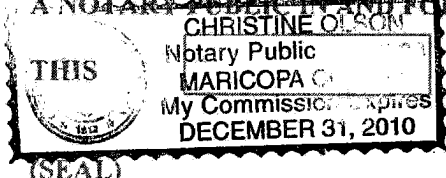
*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Barbara J. Dunde
SIGNATURE OF OWNER OR OFFICIAL

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



(SEAL)

15 DAY OF

NOTARY PUBLIC NAME	
COUNTY NAME	
MONTH	20 08

MY COMMISSION EXPIRES

12/31/2010

x *Christine Olson*
SIGNATURE OF NOTARY PUBLIC

HILLCREST WATER CO.
914 E. BROADWAY TOWER BLDG.
PHOENIX, AZ 85014

DATE 1-30-07 2711

FOR La Paz County Treasurer

Three thousand one hundred 70 and 16/100 \$ 3,170.16

FOR PARCEL 311-38-0116

0000002711 6122105278 0817322902 0000317016

REF#8821302956 CK# 2711 3170.16

FOR DEPOSIT ONLY
BANK OF AMERICA
252451619

02-1-07

ELLEN SOLPER
LA PAZ COUNTY
TREASURER

325663693

6287

HILLCREST WATER CO.
914 E. BROADWAY TOWER BLDG.
PHOENIX, AZ 85014

DATE 10-18-07 2832

FOR ELLEN SOLPER
LA PAZ COUNTY TREASURER

Two thousand two hundred twenty seven and 82/100 \$ 2,217.82

FOR 2007 taxes

0000002832 6122105278 0817322902 0000221782

REF#8862070239 CK# 2832 2217.82

FOR DEPOSIT ONLY
BANK OF AMERICA
252451619

10-18-07

ELLEN SOLPER
LA PAZ COUNTY
TREASURER

325663693